

WASHINGTON (July 25)– Congressman Spencer Bachus (AL-6), Chairman of the House Financial Services Committee, issued the following statement regarding Wednesday's report from the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) on AIG's bailout:

Four years after regulators forced taxpayers to rescue AIG from the brink of failure, we have not seen any progress made on a plan to bring an end to this bailout. Today, AIG owes taxpayers \$36 billion and taxpayers own 61 percent of the company. It is imperative for Treasury to map out an exit strategy from AIG's bailout in order to protect taxpayers.

This inspector general's report shows that regulators have failed to achieve a key objective of AIG's bailout. Back in 2009, Treasury Secretary Geithner said they would 'unwind the very business that got us into this situation and return AIG to the business of insurance.' Yet, AIGFP, the division at the epicenter of AIG's downfall, remains alive and well, courtesy of the American taxpayer. AIG still has more than 200 subsidiaries. The continued expansive operations of AIG are another nightmare scenario waiting to happen.

"Perhaps even worse, in a Financial Services Committee hearing this morning, Secretary Geithner admitted under questioning that no one is actually regulating AIG. Two years after passage of Dodd-Frank, how it is possible that there is no regulator for the biggest TARP recipient of all?

"The painful irony of this bailout is that SIGTARP has found that government ownership is actually preventing AIG's overall operations from being effectively overseen by a primary federal regulator since its hybrid ownership does not fall under a specific legal framework. This is a disservice to taxpayers who were forced to throw more than \$150 billion at AIG and underscores why government bailouts are not the answer.

"Regulators have done a poor job of overseeing AIG. The government's mismanagement of AIG has enabled both the backdoor bailout of AIG's counterparties and massive bonuses to employees. The SIGTARP report today shows the management of AIG has not improved, the company remains 'too big to fail,' no one is meaningfully watching AIG, and the government is not qualified nor should it assume the task of running one of the nation's largest insurance companies. Clearly, Treasury must make ending the government bailout and management of

AIG a top priority."